

## Message Text

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62

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

SS-15 NSC-05 AID-05 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00 LAB-04

SIL-01 SAM-01 OMB-01 PA-01 PRS-01 AGR-05 L-02 TAR-01

/080 W

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O P 121725Z APR 75

FM AMEMBASSY DUBLIN

TO SECSTATE WASHDC IMMEDIATE 6668

USMISSION EC BRUSSELS IMMEDIATE

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY LUXEMBOURG PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY MOSCOW PRIORITY

C O N F I D E N T I A L DUBLIN 660

E. O. 11652: GDS

TAGS: ETRD EEC

SUBJ: EC CHEESE COUNTERVAILING PROBLEM

REF: STATE 84066

1. PURSUANT TO URGENT INSTRUCTIONS REFTEL WE IMMEDIATELY CONTACTED P. MCCABE, MOST SENIOR DEPARTMENT OF FOREIGN AFFAIRS OFFICIAL DEALING DIRECTLY WITH EC CHEESE COUNTERVAILING PROBLEM. AT OUR BEHEST HE CONVENED SPECIAL MEETING AT DEPARTMENT OF FOREIGN AFFAIRS EARLY SATURDAY AFTERNOON TO RECEIVE OUR REPRESENTATIONS. MCCABE'S ADVISORS AT MEETING WERE SEAN CUFFE (DEPARTMENT OF  
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AGRICULTURE) AND JOHN ROWAN (FOREIGN AFFAIRS).

2. DRAWING ON REFTTEL; PARTICULARLY POINTS IN PARAGRAPH 3, WE EXPLAINED IN DETAIL US POSITION ON EC CHEESE, AND WE URGED ACCEPTANCE OF US APRIL 5 OFFER. WE EMPHASIZED FACT THAT US HAS ALREADY MADE SUBSTANTIAL CONCESSIONS IN FACE OF STRONG DOMESTIC CRITICISM AS WELL AS FACT THAT CONFRONTATION COULD HAVE UNFORTUNATE EFFECTS ON BROAD RANGE OF US/EC ISSUES. IN REPLY MCCABE COMMENTED THAT CHEESE PROBLEM IS ONE OF GREAT POLITICAL SENSITIVITY AND THAT EC-9 HAD BEEN HOPEFUL OF EARLY SOLUTION. HE WENT ON TO NOTE THAT IRISH SHARE US WISH THAT EARLY COMPROMISE BE REACHED. CUFFE POINTED OUT THAT IRELAND'S INTERESTS ARE NOT DIRECTLY INVOLVED INASMUCH AS IRISH CHEESE EXPORTS TO US CONSIST OF LESS THAN 1,000 TONS ANNUALLY OF COLBY, CHEDDAR, SOME PROCESSED CHEESE AND SOME LOW FAT CHEESE. HOWEVER, IRELAND WOULD FEEL INDIRECT RESULTS OF ANY CURB ON CHEESE EXPORTS OF EC PARTNERS. CUFFE COMMENTED THAT 1975 IS EXPECTED TO BE A BAD YEAR IN TERMS OF FINDING MARKETS FOR INCREASED CHEESE PRODUCTION AND THERE WILL THEREFORE BE STRONG RESISTANCE TO ANY LIMITATION OF MARKETS.

3. BY WAY OF BACKGROUND, MCCABE STATED THAT EC-9 HAVE BEEN VERY APPREHENSIVE ABOUT A NUMBER OF PROVISIONS OF US TRADE ACT AS WELL AS WAYS USG MAY USE ACT AS A BARGAINING WEAPON. SPECIFICALLY, HE SAID SOME FEAR THAT US NEGOTIATORS MAY TAKE REFUGE IN ACT ARGUING THAT THEIR HANDS ARE TIED BY CONGRESS AND INSISTING THAT THERE NO ALTERNATIVE TO MEETING US DEMANDS. SOME MEMBERS OF EC-9, MCCABE CONTINUED, SEE EC CHEESE COUNTERVAILING ISSUE AS A TEST CASE OF THIS NATURE. THEY FEAR THAT IF THEY GIVE IN TO THREAT OF CONGRESSIONAL OVERRIDE, UNFORTUNATE (TO EC) PRECEDENT COULD BE ESTABLISHED. AT SAME TIME, MCCABE CANDIDLY ADMITTED HIS FEAR THAT IF EC STANDS FIRM ON ITS POSITION AND IF US THEN INSTITUTES COUNTERVAILING DUTIES, TRADE WAR WOULD START.

4. TURNING TO QUESTION OF WHAT POSITION IRISH GOVERNMENT INTENDS TO ADOPT IN THIS ISSUE, MCCABE FIRST NOTED THAT IT WILL BE VIRTUALLY IMPOSSIBLE TO CONFER WITH FOREIGN MINISTER FITZGERALD DURING WEEKEND DUE TO MINISTERS' MEETING IN DUBLIN. MCCABE AND HIS STAFF WILL PREPARE AND SEND TODAY (SATURDAY) RECOMMENDATIONS TO IRISH DELEGATION IN BRUSSELS FOR DELIVERY TO FITZGERALD PRIOR TO BEGINNING OF APRIL 14-15 MEETINGS. RECOMMENDATION WILL PROBABLY BE, HE SAID, THAT GOI ACCEPT USG PROPOSALS PROVIDING OTHER EC

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PARTNERS INCLINED TO DO SO. HOWEVER, IF ANY PARTNERS (HE MENTIONED FRENCH, ITALIANS AND DANES) DIG THEIR HEELS IN, IRELAND SHOULD NOT OPPOSE THEM.

5. WHILE MEETING WITH MCCABE AND COLLEAGUES WAS GOING ON, TELEGRAM ARRIVED FROM IRISH EMBASSY WASHINGTON. EMBASSY REPORTED, INTER ALIA, THAT MEETING OF EC-9 AGRICULTURAL COUNSELORS IN WASHINGTON HAD TAKEN PLACE AT EMBASSY APRIL 11. COUNSELORS REC-

EIVED REPORT FROM BRUSSELS OF "ANGER" AT US POSITION. LENGTHY DISCUSSION FOLLOWED DURING WHICH SEVERAL COUNSELORS ARGUED THAT IT WOULD BE MAJOR BREAKTHROUGH FOR EC IF USG WERE TO ALLOW SUBSIDIES ON SOME CHEESES AND THAT EC WOULD GAIN FROM ACCEPTANCE APRIL 5 PROPOSAL. HOWEVER, NO CONSENSUS REACHED. MOORE

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## Message Attributes

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